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LISTING STATEMENT No. 2110

LISTED JUNE 4th, 1962
355,000 Common shares without par value
Ticker abbreviation "BTI"
Dial ticker number 179
Post section 3.1

File JS

JUN 14 1962

TORONTO STOCK EXCHANGE

LISTING STATEMENT

BARTACO INDUSTRIES LIMITED

Incorporated under the laws of the Province of Ontario
by letters patent dated August 31, 1961

COMMON SHARES WITHOUT PAR VALUE
(Transferable in Montreal, Toronto, Winnipeg and Vancouver)

CAPITALIZATION AS AT MAY 31, 1962

CAPITAL STOCK:

	AUTHORIZED	ISSUED	TO BE LISTED
Preference Shares with a par value of \$20 each, issuable in series	100,000		
6½% Cumulative Redeemable Preference Shares, Series A		8,500	Nil
Common Shares without par value	1,000,000	355,000	355,000

FUNDED DEBT:

*6½% Sinking Fund Debentures Series A, maturing November 1, 1981	Unlimited	850,000	Nil
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*In addition a wholly-owned subsidiary, Barlin-Scott Manufacturing Company Limited, has outstanding a 6% mortgage loan due May 15, 1965 on which \$105,000 is owing and a wholly-owned subsidiary, Lynco Heating Limited, has outstanding a 7% mortgage due July 2, 1962 on which \$3,000 is owing.

May 31, 1962

1. APPLICATION

Bartaco Industries Limited (herein called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 355,000 Common Shares without par value all of which are issued and outstanding as fully paid and non-assessable.

2. REFERENCE TO THE PROSPECTUS

Reference is hereby made to the attached prospectus issued to the Company under date of October 12, 1961 with respect to the offering of \$850,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A with a bonus of Common Shares of the Company, such bonus being at the rate of 100 Common Shares for each \$1,000 principal amount of 6½% Sinking Fund Debentures Series A, a copy of which prospectus is hereby incorporated in this application and made part hereof.

3.

OPINION OF COUNSEL

Messrs. Ross & Robinson of 39 James Street South, Hamilton, Ontario, counsel for the Company are filing in support of this application an opinion stating, among other things, that (i) the Company is duly incorporated and is a valid and subsisting corporation in good standing under the laws of the Province of Ontario; and (ii) the authorized capital of the Company consists of 100,000 Preference Shares with a par value of \$20 each, issuable in series and 1,000,000 Common Shares without par value of which 8,500 of the said Preference Shares, being the first series of the said Preference Shares and being designated 6½% Cumulative Redeemable Preference Shares, Series A, and 355,000 Common Shares have been issued and are outstanding as fully paid and non-assessable shares. Sam Foster Ross, Q. C., a partner in the firm of Ross & Robinson is a director and officer of the Company.

4.

SUBSIDIARY COMPANIES

Otaco Limited, a company incorporated under the laws of the Province of Ontario by letters patent dated March 23, 1937, is a wholly-owned subsidiary of the Company. The wholly-owned subsidiaries of Otaco Limited, all of which are incorporated by letters patent under the laws of the Province of Ontario are as follows:

NAME OF SUBSIDIARY	DATE OF INCORPORATION
Barlin-Scott Manufacturing Company Limited	— June 29, 1949
Norfolk Equipment Manufacturing Limited	— March 19, 1954
Lynco Heating Limited	— April 29, 1954
Wentworth Heating Supplies Limited	— May 4, 1951
The Otaco Limited	— December 31, 1948

Particulars of the operations of all the subsidiaries of the Company are described on pages 2 and 3 of the attached prospectus.

5.

FUNDED DEBT

Funded debt of the Company consists of \$850,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A. Interest on this funded debt is payable half-yearly on May 1 and November 1 in each year. In addition, a wholly-owned subsidiary, Barlin-Scott Manufacturing Company Limited, has outstanding a 6% mortgage loan due May 15, 1965 on which \$105,000 is owing and a wholly-owned subsidiary, Lynco Heating Limited, has outstanding a 7% mortgage due July 2, 1962 on which \$3,000 is owing.

6.

STATUS UNDER SECURITIES ACTS

The offering of the \$850,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A with a bonus of Common Shares was qualified for sale to the public in the Provinces of Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

7.

LISTING ON OTHER STOCK EXCHANGES

None of the securities of the Company are listed on any other stock exchange.

8.

FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

9.

ANNUAL MEETING

Under the By-laws of the Company the annual meeting of shareholders will be held on such day in each year as the board of directors of the Company from time to time may determine. No annual meeting has yet been held.

10.

HEAD OFFICE

The head office of the Company is located at 455 Twin-Air Road, Stoney Creek, Ontario, Canada.

11.

TRANSFER AGENTS AND REGISTRARS

National Trust Company, Limited, at its principal offices in Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar of the 6½% Cumulative Redeemable Preference Shares, Series A and Common Shares of the Company.

12.

TRANSFER FEE

No fee is charged on the transfer of the 6½% Cumulative Redeemable Preference Shares, Series A or the Common Shares other than customary stock transfer tax.

13.

AUDITORS

The auditors of the Company are Messrs. McDonald, Currie & Co., Chartered Accountants, 15 King Street West, Hamilton, Ontario.

This prospectus is not, and under no circumstances is to be construed as, a public offering of these securities for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

\$850,000

Bartaco Industries Limited

(Incorporated under the laws of the Province of Ontario)

6½% Sinking Fund Debentures Series A

(With a Bonus of Common Shares)

To be dated November 1, 1961

To mature November 1, 1981

Principal and half-yearly interest (May 1 and November 1) are to be payable in lawful money of Canada at any branch in Canada of the Company's bankers, at the holder's option. Coupon Debentures in the denominations of \$500 and \$1,000 registrable as to principal only and fully registered Debentures in denominations of \$1,000 and authorized multiples of \$1,000. Redeemable prior to maturity at the Company's option at any time in whole or from time to time in part on not less than 30 days' prior notice at the principal amount thereof together with accrued interest to the date specified for redemption.

Sinking Fund

The Company will covenant to establish a sinking fund to provide for the retirement of \$42,500 principal amount of 6½% Sinking Fund Debentures Series A on November 1 in each of the years 1962 to 1980 inclusive. Such sinking fund and the retirement of a further \$42,500 principal amount of 6½% Sinking Fund Debentures Series A at maturity will provide for the retirement of the 6½% Sinking Fund Debentures Series A in full.

TRUSTEE—Debentures: Montreal Trust Company

**TRANSFER AGENT AND REGISTRAR—Shares: National Trust Company, Limited,
Montreal, Toronto, Winnipeg and Vancouver**

We, as principals, offer these 6½% Sinking Fund Debentures Series A (with a bonus of Common Shares), subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, and on behalf of the Company by Messrs. Ross & Robinson, Hamilton.

PRICE: 100 and accrued interest

**With a bonus at the rate of 100 Common Shares without par
value for each \$1,000 principal amount of 6½%
Sinking Fund Debentures Series A**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that Debentures in definitive form and interim certificates representing the bonus shares will be available for delivery on or about November 1, 1961.

Gairdner & Company Limited

J. A. GAIRDNER
H. V. SHAW
G. C. WATT
H. E. NEVILLE
J. A. CUNNINGHAM

**320 Bay Street
Toronto**

J. S. GAIRDNER
J. H. HAWKE
F. J. McDONALD
H. R. MALKIN
J. H. BROWN

**Calgary
Kitchener**

**Edmonton
London
Quebec**

**Halifax
Montreal
Vancouver**

**Hamilton
New York
Winnipeg**

**Kingston
Ottawa**

The following information has been supplied by officers of the Company:

The Company

Bartaco Industries Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario on August 31, 1961 and subsequently acquired all the outstanding shares of Otaco Limited, a company incorporated under the laws of the Province of Ontario in 1937. Otaco Limited has acquired all the outstanding shares of The Otaco Limited, a company incorporated under the laws of the Province of Ontario in 1948, and all the operating assets of Autotrac Limited, a company incorporated under the laws of the Province of Ontario in 1940. Otaco Limited has also purchased all the outstanding shares of four other companies, Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Lynco Heating Limited and Norfolk Equipment Manufacturing Limited. The latter four companies were incorporated under the laws of the Province of Ontario in 1949, 1951, 1954 and 1954 respectively. For convenience herein Otaco Limited and The Otaco Limited are referred to hereunder as the "Otaco Division" and the other four companies of which Otaco Limited has purchased all the outstanding shares as noted above are referred to as the "Barlin-Scott Division".

Otaco Division

Otaco Limited (hereinafter called "Otaco"), into which the foundry operations of Autotrac Limited have been merged, manufactures diversified lines of products in its large plant located in Orillia, Ontario. A large part of the business is devoted to agricultural products including farm wagons, water pressure systems, rotary power mowers, wheelbarrows, sump pumps and ploughshares. Otaco also manufactures heavy duty sleighs, wheels for pneumatic and semi-pneumatic tires, laundry pumps, metal toys and boat trailers. One of Otaco's more important products is ductile iron, sold under the registered trade mark "Ductalloy". The process involved in making Ductalloy is used under licence from The International Nickel Company of Canada, Limited. Ductalloy is used in making engineered castings having greater strength, machinability and wear-resistance than ordinary cast iron. Otaco also carries on a tool and die business and engages in custom machining, sheet metal work and custom drying of lumber. Included in the custom work are goods sold to other manufacturers for distribution under their own brand names. In addition to manufacturing and selling its own products, Otaco imports and distributes Mortl tractor mowers, Clinton "Apache" outboard motors, Komag air pumps and Papec farm machinery.

Otaco's plant consists of approximately 350,000 sq. ft. of manufacturing, office and warehouse space situated on 61.83 acres of industrial land within the town limits of Orillia. The main buildings are of mill construction and contain ample room for the expansion of manufacturing facilities as required. Present facilities include an iron foundry capable of producing castings of up to approximately 4,000 lbs., a metal testing laboratory, hot forging equipment, a tool and die room, gas and arc welding equipment, machining equipment and a sheet metal shop. The plant also contains four kilns for the drying of lumber. Each kiln has a capacity of approximately 20,000 board feet. The annual drying capacity is about 1,500,000 board feet, depending upon the moisture content of the lumber. As well as drying lumber for its own use, Otaco engages in the custom drying of lumber for other companies. Otaco owns its own sand pit located on approximately 64 acres situated some ten miles from Orillia from which it obtains moulding sand for the foundry. This valuable asset enables Otaco to realize substantial savings over the price of purchased moulding sand. Four railroad sidings provide good shipping facilities for all parts of the plant and service is obtained from both Canadian National Railways and Canadian Pacific Railway Company. There is easy access to good highways for making truck shipments to the populous markets of southern Ontario. Otaco employs from about 275 to 375 people, depending upon seasonal fluctuations.

While Otaco's products are sold all across Canada, the majority of sales are made in Ontario. Distribution in the Lakehead area and the western provinces is carried out by a distributor who maintains warehouse facilities in Winnipeg. Sales of Otaco's product lines in central Ontario and Quebec are effected by The Otaco Limited, a sales organization with which it has been affiliated since the formation of the latter company in 1948 and which is now a subsidiary of Otaco. A sales representative is maintained in the Maritime provinces.

Barlin-Scott Division

Barlin-Scott Manufacturing Company Limited (hereinafter called "Barlin-Scott") is the largest company in this division. It produces and sells one of the largest and most complete lines of warm air heating equipment in Canada. Altogether, some 90 different models of oil and gas-fired heating units are manufactured under the registered trade mark of "Lincoln". These are designed not only to satisfy normal home heating requirements but larger units are also made for use in factories, commercial establishments, service stations, churches, etc. Barlin-Scott also produces furnaces under private brand names for other prominent Canadian companies, and carries on a metal stamping business.

Barlin-Scott occupies leased premises on a 5 acre site in the Stoney Creek area on the outskirts of Hamilton, Ontario. The plant is modern in every respect, having just been completed, and provides approximately 70,000 sq. ft. of manufacturing, office and warehouse space. All machinery is modern and includes metal fabricating equipment for stamping and forming, welding facilities, a tool and die shop and painting facilities of the most up-to-date type. A leased warehouse containing 15,000 sq. ft. of storage space is maintained in Toronto.

Barlin-Scott's products are sold in all parts of Canada. In Sudbury, Ontario, Barlin-Scott operates a division known as Northern Heating Supplies which acts as a distributor of heating equipment in that area. A leased building containing 10,000 square feet of office and warehouse space is maintained in the Sudbury area. Elsewhere in Ontario, furnaces are sold direct to heating dealers while in other provinces distribution is effected through authorized wholesalers. Barlin-Scott was the first Canadian company to actively enter the central heating field in Great Britain, approximately three years ago. By Canadian standards central heating for homes, apartments and commercial buildings in Great Britain is relatively new and therefore it is felt that this market provides a great growth potential. Through a distributor in England, Barlin-Scott now has approximately 50 established outlets and its products are among the leaders in the rapidly growing central heating field in Great Britain.

Lynco Heating Limited (hereinafter called "Lynco") sells furnaces and other heating equipment in Hamilton and surrounding districts. It distributes heating products manufactured only by Barlin-Scott, selling to home builders and the general public and also manufactures sheet metal duct work for use in heating installations. In addition to its heating business, Lynco sells air conditioning equipment (not produced by Barlin-Scott) and manufactures low- and medium-cost boat assembly kits under the name "Seiler" and the registered trade mark "Sea King" for sale to the "do-it-yourself" trade. These kits are sold mainly through major lumber distributors.

Norfolk Equipment Manufacturing Limited (hereinafter called "Norfolk") manufactures, under the name "Rex", automatic humidifiers for incorporation into heating installations and is the largest Canadian manufacturer of this type of humidifier. Norfolk also produces floor diffusers, baseboard diffusers, return air faces, registers and grilles, all for use in warm air heating installations. The heating products of Norfolk are sold to Barlin-Scott and, through Wentworth Heating Supplies Limited, to the general heating trade. Metal stampings, on a custom work basis, are produced for other manufacturers.

Wentworth Heating Supplies Limited (hereinafter called "Wentworth") is a sales organization which distributes products manufactured by Norfolk and other products throughout Canada to the general heating trade.

The Barlin-Scott Division employs from about 100 to 140 people, depending upon seasonal fluctuations.

Business Outlook

It is the intention to bring the manufacturing facilities of all companies in the Barlin-Scott Division (with the exception of the boat kit operations of Lynco Heating Limited) into the newly-leased plant of Barlin-Scott. The management is of the opinion that this will result in more economical production and provide more efficient use of the available manufacturing facilities. The boat kit operations referred to above will be transferred to Otaco's plant in Orillia, thereby taking advantage of the woodworking facilities located there. Barlin-Scott now has facilities available which will enable it to greatly increase production without any appreciable increase in overhead costs or capital spending. Some increase in production is expected to take place immediately as a result of negotiations recently completed with a large western Canadian distributing organization which has not previously handled Barlin-Scott products. To complement its lines of warm air heating equipment, the Barlin-Scott Division is investigating the manufacture and sale of air conditioning equipment. Sample heating units have been recently shipped to West Germany and export markets will be developed where feasible. It is intended to expand production in the Otaco Division by the development of new products and by obtaining manufacturing licences from American companies. Negotiations in this respect are now being carried on.

Capitalization

Upon completion of the present financing, the capitalization of the Company will be:

	<u>Authorized</u>	<u>Issued and Outstanding</u>
Debtures.....	*	
6½% Sinking Fund Debtures Series A, due November 1, 1981.....		\$850,000
Preference Shares with a par value of \$20 each issuable in series.....	100,000 shs.	
6½% Cumulative Redeemable Preference Shares, Series A.....		8,500 shs.
Common Shares without par value.....	1,000,000 shs.	345,000 shs.

**The trust indenture providing for the issuance of the 6½% Sinking Fund Debtures Series A will contain provisions permitting the issuance (subject to certain conditions) of additional Debtures without limitation as to aggregate principal amount and in such currency or currencies as may be determined by the Company.*

Purpose of Issue

The net proceeds from the sale of the securities offered by this prospectus will be used to retire outstanding bank indebtedness of a subsidiary of the Company in the amount of \$525,000, to pay certain expenses and to provide working capital for subsidiaries of the Company.

Consolidated Net Tangible Assets

According to the accompanying pro forma consolidated balance sheet of the Company and its subsidiaries as at June 30, 1961, the consolidated net tangible assets (after the deduction of mortgages outstanding) amounted to approximately \$2,025 per \$1,000 principal amount of 6½% Sinking Fund Debtures Series A to be outstanding.

Certain Provisions of the Trust Indenture

The \$850,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A (herein sometimes referred to as the "Series A Debentures") now proposed to be issued are to be direct obligations of the Company but are not to be secured by any mortgage, pledge or other charge. The Series A Debentures are to be issued under a trust indenture (hereinafter sometimes referred to as the "Trust Indenture") to be dated as of October 15, 1961 and to be entered into between the Company and Montreal Trust Company, as Trustee.

The Trust Indenture will contain provisions permitting the issuance (subject as hereinafter referred to) from time to time of additional Debentures thereunder without limitation as to aggregate principal amount. The Series A Debentures and any additional Debentures (herein called "Additional Debentures") will rank equally and rateably save only as to sinking fund provisions applicable to different issues and the principal, premium (if any) and interest of and on such Additional Debentures may be payable in such currency or currencies as may be determined by the Company at the time of the issue thereof.

The Trust Indenture will provide, among other things, that so long as any of the Series A Debentures remain outstanding:

- A. Neither the Company nor any subsidiary will mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations, unless at the same time it shall secure equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations all the Series A Debentures then outstanding.
- B. No Additional Debentures or other funded obligations of the Company will be issued under the Trust Indenture or otherwise having a maturity date prior to November 1, 1981 other than Debentures or other obligations maturing serially.
- C. The aggregate amount payable in any year, in respect of any issue of funded obligations of the Company issued after the issue of the Series A Debentures, to meet serial maturities and/or as mandatory sinking fund payments (which in the case of a sinking fund payment to retire a specified principal amount shall for the purposes of this Clause be deemed to be the principal amount so to be retired) shall not be greater than 5% of the aggregate principal amount issued of the funded obligations of such issue, unless the annual sinking fund payments in respect of the Series A Debentures are increased proportionately.
- D. The Company will not issue any Additional Debentures under the Trust Indenture or issue or become liable on any other funded obligations unless
 - (a) the consolidated net tangible assets of the Company and its subsidiaries shall be equal to at least twice the principal amount of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be; and
 - (b) the consolidated net earnings of the Company and its subsidiaries for the last completed fiscal year next preceding such issue or next preceding the Company so becoming liable, as the case may be, shall have been at least equal to four times the aggregate annual interest requirements of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be.

Provided that, for all purposes of the Trust Indenture, any funded obligations outstanding at the time of any such issue or of the Company so becoming liable, as the case may be, which are to be retired within one week following such time and all moneys required to retire which funded obligations are paid to the Trustee at such time or the payment of which moneys is provided for to the satisfaction of the Trustee at such time shall be deemed not to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be.

- E. The Company will not
 - (i) declare or pay any dividends (other than in shares of the Company) on any of its shares at any time outstanding or
 - (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made at any time after November 1, 1961 and prior to or contemporaneously with any such redemption, reduction, purchase or payment)

unless immediately after giving effect to such action the aggregate amount

- (a) declared and/or paid subsequent to the incorporation of the Company as dividends (other than in shares of the Company) on all shares of all classes of the Company and
- (b) distributed and/or paid (on redemption, reduction, purchase or other payment off) subsequent to the incorporation of the Company in respect of all shares of all classes of the Company

will not be more than the aggregate of the consolidated net earnings available for dividends of the Company and its subsidiaries subsequent to the incorporation of the Company plus the net cash proceeds to the Company of the issue after November 1, 1961 of any of its shares.

F. The Company will not permit any subsidiary to guarantee any indebtedness or dividends of or give any other guarantee on behalf of any person, firm or corporation other than the Company or any other subsidiary.

G. The Company will not sell or otherwise dispose of any funded obligations or shares of any subsidiary nor will it permit any subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) any funded obligations or shares of such subsidiary or of any other subsidiary.

H. Subject to certain exceptions to be set forth in the Trust Indenture, the Company will not sell or otherwise dispose of or permit any subsidiary to sell or otherwise dispose of (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of any subsidiary, as the case may be, as an entirety or substantially as an entirety.

The foregoing Clauses A to H inclusive shall not apply to nor operate to prevent

- (i) the assuming or giving of purchase money mortgages or other purchase money liens on property acquired by the Company or by any subsidiary after November 1, 1961 up to but not exceeding $66\frac{2}{3}\%$ of the cost of the property so acquired; or
- (ii) the acquiring by the Company or any subsidiary of property subject to any mortgage, lien, charge or encumbrance thereon at the time of such acquisition; or
- (iii) the extension, renewal or refunding of any mortgage, lien, charge or encumbrance permitted under subdivisions (i) or (ii) hereof to the extent of the principal amount of the indebtedness secured by and owing under any such mortgage, lien, charge or encumbrance at the time of such extension, renewal or refunding; or
- (iv) the giving of security or securities (except on fixed assets) by the Company or a subsidiary to any bank or banks or to any other loaning institution for present or future debts or liabilities of the Company or such subsidiary to such bank or banks or loaning institution provided that such debts or liabilities do not constitute funded obligations; or
- (v) the deposit of cash or obligations of the Government of Canada in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, cost of litigation when required by law, public and statutory obligations, liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or
- (vi) the extension, renewal or refunding by a subsidiary of any funded obligations of such subsidiary to the extent of the principal amount of such funded obligations at the time of such extension, renewal or refunding provided that such funded obligations were funded obligations of the subsidiary at the time when such subsidiary became a subsidiary; or
- (vii) the amalgamation or merger of any subsidiary with any other subsidiary or subsidiaries.

The Trust Indenture will contain definitions, among others, of the following terms: "funded obligations" — which will exclude "subordinate indebtedness" (as to be defined); "consolidated funded obligations"; "consolidated net tangible assets"; "consolidated net earnings"; "consolidated net earnings available for dividends"; "subsidiary" and "fixed assets".

The Trust Indenture will provide that the directors may from time to time determine the consolidated net tangible assets of the Company and its subsidiaries and/or the consolidated net earnings available for dividends of the Company and its subsidiaries as of any date in the manner and with the effect to be set forth in the Trust Indenture. There may be included in any such determination of consolidated net tangible assets of the Company and its subsidiaries as tangible assets the net proceeds or estimated net proceeds of the sale of any shares, bonds, debentures and/or other obligations of the Company (except as otherwise provided and except to the extent that such net proceeds or estimated net proceeds have been or are to be applied within one year thereafter to the redemption, reduction, purchase or paying off of any shares of the Company, as to which a resolution of the directors setting out the application or proposed application of any such net proceeds or estimated net proceeds shall be conclusive and binding) issued and/or agreed to be issued (prior to the making of such determination) for cash notwithstanding that such shares, bonds, debentures and/or other obligations may have been issued and/or agreed to be issued subsequently to the date as of which the determination is made.

The Trust Indenture will provide that if any property or any shares of any other company (sufficient with any other shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) have been acquired or are in process of being acquired or are proposed to be acquired by the Company or any subsidiary at the time of determining consolidated net tangible assets of the Company and its subsidiaries and/or consolidated funded obligations of the Company and its subsidiaries and/or consolidated net earnings of the Company and its subsidiaries and if such property or shares have been or are to be acquired out of the net proceeds of any issue of funded obligations or shares of the Company or if the net proceeds of any such funded obligations or shares have directly or indirectly reimbursed the Company or are directly or indirectly to reimburse the Company for the cost of the acquisition of such property or shares, as to all of which a resolution of the directors shall be conclusive and binding, then (i) the tangible assets of or comprised in such property or such other company (provided that the net proceeds or estimated net proceeds

of the sale of the then proposed issue of funded obligations are not included in such determination of consolidated net tangible assets as tangible assets), the liabilities of or pertaining to such property or such other company and the funded obligations of or attached to such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting consolidated net tangible assets and consolidated funded obligations) shall be treated as tangible assets and/or liabilities and/or funded obligations in the computation of consolidated net tangible assets and/or consolidated funded obligations and (ii) the net earnings or net losses of such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting consolidated net earnings) for the whole of the period for which consolidated net earnings are to be computed shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses as the case may be in the computation of consolidated net earnings.

Sinking Fund

Under the Trust Indenture the Company will covenant to establish a sinking fund to provide for the retirement of \$42,500 principal amount of Series A Debentures on November 1 in each of the years 1962 to 1980 inclusive. Such sinking fund and the retirement of a further \$42,500 principal amount of Series A Debentures at maturity will provide for the retirement of the Series A Debentures in full.

The Company is to be entitled to purchase Series A Debentures in the market or by private contract at prices not exceeding the principal amount thereof plus accrued interest and costs of purchase. All Series A Debentures purchased or redeemed (except Series A Debentures purchased or redeemed out of sinking fund moneys) shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$500 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company is to have the right to elect on or before September 15 in each of the years 1962 to 1980 inclusive to apply a specified principal amount of Series A Debentures forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to November 1 of such year and the Company will be required to pay into such sinking fund prior to November 1 of such year the sum in cash required to retire on that date \$42,500 principal amount of Series A Debentures less a principal amount of Series A Debentures equal to the principal amount of such Debentures so applied. Such cash paid to the Trustee is to be applied in the retirement of Series A Debentures by call for redemption on November 1 of such year at the principal amount thereof together with accrued interest to the date specified for redemption, provided that such call need not be made if the moneys in the sinking fund and required to be paid into the sinking fund are less than \$10,000 and in such case such moneys may be used by the Trustee in purchasing for cancellation Series A Debentures at a price not exceeding the principal amount thereof plus accrued interest and costs of purchase. The Company is to covenant and agree in the Trust Indenture to pay to the Trustee on demand its cost of giving notice of redemption of Series A Debentures out of sinking fund moneys and any other expenses in connection therewith.

BARTACO INDUSTRIES LIMITED

Statement of Combined Earnings of Subsidiaries and Business Acquired for the Ten Years and Six Months Ended June 30, 1961 (Note 1)

	June 30, 1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
COMBINED OPERATING PROFIT before the undernoted items.....	\$200,321	\$287,187	\$219,011	\$338,486	\$394,090	\$431,176	\$239,260	\$247,581	\$182,242	\$293,453	\$262,476
Deduct:											
Experimental farm losses (Note 4)...	4,858	11,798	4,909	7,794	7,050	15,209	4,902	10,220	22,499	24,571	21,833
Special bonuses to shareholder- employees.....	—	34,600	29,600	29,600	9,600	9,600	9,600	9,600	—	—	—
Depreciation (Note 5)	31,036	75,486	79,156	80,525	74,439	75,258	79,944	71,540	95,361	94,845	83,375
COMBINED OPERATING PROFIT before taxes on income.....	164,427	165,303	105,346	220,567	303,001	331,109	144,814	156,221	64,382	174,037	157,268
INVESTMENT INCOME (Note 4).....	24,185	29,780	24,384	27,710	17,431	5,821	2,652	7,120	13,523	15,635	18,618
COMBINED EARNINGS before taxes on income	188,612	195,083	129,730	248,277	320,432	336,930	147,466	163,341	77,905	189,672	175,886
TAXES ON INCOME (Note 6).....	132,037	105,305	47,634	111,032	145,090	141,786	40,175	56,899	21,411	69,842	61,224
COMBINED NET EARNINGS	\$ 56,575	\$ 89,778	\$ 82,096	\$137,245	\$175,342	\$195,144	\$107,291	\$106,442	\$ 56,494	\$119,830	\$114,662

NOTES:

- On October 11, 1961 Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited, Lynco Heating Limited, Otaco Limited and The Otaco Limited became wholly-owned subsidiaries of Bartaco Industries Limited and the operating assets of Autotrac Limited were acquired by Otaco Limited. The earnings of all such companies are included and, with the exception of Autotrac Limited, are for the financial years ended December 31, and for the six months ended June 30, 1961. The earnings of Autotrac Limited are for the years ended August 31, and in the case of the six months ended June 30, 1961 are a proportion of the earnings for the ten months ended on that date. The earnings of Norfolk Equipment Manufacturing Limited and Lynco Heating Limited have been included in the statement of combined earnings since their incorporation in 1954.
- The following profits have been excluded: profits on realization of fixed assets—1952—\$5,670, 1951—\$14,439; profits on realization of investments—1955—\$15,657, 1954—\$10,563, 1953—\$13,366, 1952—\$51,474, 1951—\$61,022.
- Because of seasonal fluctuations in the earnings of the companies, the earnings for the six months ended June 30, 1961 are not necessarily indicative of the earnings for the full year.
- The experimental farm and the investments have not been retained by the companies following the transactions referred to in the heading of the pro forma consolidated balance sheet of Bartaco Industries Limited and its subsidiaries as at June 30, 1961 and the experimental farm losses and investment income shown on the above statement have ceased.
- Depreciation has been provided by the companies at maximum rates permitted for income tax purposes.
- The combined taxes on income for the years 1951-1960 have not been adjusted to reflect the fact that, following the transactions referred to in the heading of the said pro forma consolidated balance sheet, all of the companies will become associated with each other under the provisions of section 39 of the Income Tax Act. If they had been so associated prior to 1961 the following additional taxes would have been payable:

1960	— \$ 7,250	1955	— \$10,800
1959	— 14,500	1954	— 11,600
1958	— 13,500	1953	— 11,600
1957	— 10,800	1952	— 6,000
1956	— 10,800	1951	— 6,100

To the Directors,
BARTACO INDUSTRIES LIMITED.

Auditors' Report

We have examined the statement of combined earnings of Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited, Lynco Heating Limited, Otaco Limited, The Otaco Limited and Autotrac Limited for the ten years and six months ended June 30, 1961. Our examination with respect to Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited and Lynco Heating Limited included a general review of their accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of the other companies were examined by other Chartered Accountants and are included in the statement of combined earnings on the basis of their reports.

In our opinion, the accompanying statement with the notes thereto presents fairly the combined earnings of the companies for the ten years ended December 31, 1960 and the six months ended June 30, 1961 in accordance with generally accepted accounting principles, applied in all material respects on a consistent basis throughout the period.

October 12, 1961
Hamilton, Ontario.

McDONALD, CURRIE & Co.,
Chartered Accountants

This pro forma consolidated balance sheet is after giving effect to the following events and transactions subsequent to June 30, 1961:

- (a) The incorporation of Bartaco Industries Limited by letters patent dated August 31, 1961.
- (b) The issue by Bartaco Industries Limited of 8,500 6½% Cumulative Redeemable Preference Shares, Series A for cash of \$170,000 and 260,000 Common Shares for cash of \$210,850.
- (c) The purchase by Bartaco Industries Limited of all the issued shares of Otaco Limited for cash of \$512,196 immediately following the payment by Otaco Limited of a dividend of \$55,302 paid to its former controlling shareholder; and the payment of \$4,110 as interest in connection with such purchase. The book value of the underlying net assets thus acquired amounted to \$893,584.
- (d) The sale of investments held by Otaco Limited for \$791,247 and the repayment by Otaco Limited of indebtedness of \$68,081 owing to a formerly associated company.
- (e) The purchase by Otaco Limited of all the issued shares of The Otaco Limited, Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited and Lynco Heating Limited for cash of \$810,000. The book value of the underlying net assets thus acquired amounted to \$712,854.

Assets

CURRENT ASSETS

Cash.....	\$ 191,280	
Accounts receivable, less provision for doubtful accounts of \$8,305.....	930,512	
Inventories of raw materials, work in progress and finished goods, valued at the lower of cost or market.....	930,656	
Prepaid expenses.....	<u>48,453</u>	2,100,901
CASH SURRENDER VALUE OF LIFE INSURANCE.....		10,800

FIXED ASSETS (Note 1)

Land, buildings, machinery and equipment.....	2,372,572	
Accumulated depreciation.....	<u>1,379,725</u>	992,847
PATENTS—at cost.....		2,456

ORGANIZATION EXPENSES

Discount on debentures.....	85,000	
Expenses of incorporation, acquisition and issue.....	<u>96,000</u>	181,000

Approved on behalf of the Board:

(Signed) ROBERT BARR, *Director*

(Signed) J. S. GAIRDNER, *Director*

\$3,288,004

AND ITS SUBSIDIARIES

Sheet as at June 30, 1961

- (f) The purchase by Otaco Limited of the current assets, patents and certain fixed assets of Autotrac Limited for cash of \$211,549, being book value.
- (g) The issue and sale pursuant to an underwriting agreement dated September 20, 1961 of \$850,000 6½% Sinking Fund Debentures Series A and 85,000 Common Shares for a total consideration of \$799,000 of which \$765,000 is allocated to the Debentures and \$34,000 to the Common Shares, the proceeds being applied in part to the retirement of indebtedness of \$525,000 incurred by Otaco Limited in connection with the purchase in (f) above and in connection with the repayment by Otaco Limited of indebtedness of \$327,901 to its former controlling shareholder.
- (h) An increase of \$360,000 in the book values of the fixed assets of Otaco Limited, as authorized by the Board of Directors pursuant to, and being in an amount less than, an appraised value determined by Canadian Appraisal Company Limited as of August 15, 1961.
- (i) The payment of \$96,000 of estimated expenses in connection with the incorporation of the company and the events and transactions above.

Liabilities

CURRENT LIABILITIES

Bank loans (secured).....	\$ 679,835	
Accounts payable and accrued liabilities.....	488,545	
Mortgage payments—current portion.....	33,000	
Taxes on income.....	<u>73,642</u>	1,275,022

MORTGAGES

6% Industrial Development Bank loan, due May 15, 1965.....	137,000	
7% mortgage, due July 2, 1962.....	4,000	
Less: Payments due within one year.....	<u>(33,000)</u>	108,000

DEBENTURES

6½% Sinking Fund Debentures Series A maturing November 1, 1981 (Note 2)		850,000
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SHAREHOLDERS' EQUITY

Capital stock—		
Authorized—		
100,000 Preference Shares with a par value of \$20 each		
issuable in series.....	\$2,000,000	
1,000,000 Common Shares without par value.....	<u>—</u>	
Issued—		
8,500 6½% Cumulative Redeemable Preference Shares, Series A with		
a par value of \$20 each, redeemable at par.....	170,000	
345,000 Common Shares without par value.....	244,850	
Excess of appraisal value of fixed assets of Otaco Limited over net book values		
at date of appraisal.....	360,000	
Excess of net book values of subsidiary companies at date of purchase over		
price paid therefor.....	<u>280,132</u>	1,054,982
		<u>\$3,288,004</u>

BARTACO INDUSTRIES LIMITED

Notes to Pro Forma Consolidated Balance Sheet as at June 30, 1961

1. Fixed assets are carried on the accounts of the various companies as follows:

OTACO LIMITED—

Cost.....	\$1,339,594	
Appraisal increase as described in heading of pro forma consolidated balance sheet.....	360,000	\$1,699,594

NORFOLK EQUIPMENT MANUFACTURING LIMITED—

Cost.....	165,985	
Appraisal increase, as authorized by Industrial Development Bank at May 1, 1954.....	30,000	195,985

OTHER COMPANIES—at cost.....		476,993
		<u>\$2,372,572</u>

2. The 6½% Sinking Fund Debentures Series A are to be issued pursuant to a trust indenture which will provide for the issuance of additional Debentures in one or more other series without limitation as to aggregate principal amount and in such currency or currencies as may be determined by the company subject, however, to the provisions of the said trust indenture. In the said trust indenture the company is to covenant to establish a sinking fund to provide for the retirement of \$42,500 aggregate principal amount of the 6½% Sinking Fund Debentures Series A on November 1 in each of the years 1962 to 1980 inclusive. The said trust indenture will provide for certain restrictions on the payment of dividends on the 6½% Cumulative Redeemable Preference Shares, Series A and Common Shares of the company.
3. A claim has been made against a subsidiary for an alleged infringement of patents. In the opinion of counsel for the Company such claim should not be successful and accordingly no provision has been made in the accounts.
4. Subsequent to June 30, 1961, fixed assets having a book value of \$25,615 were sold for \$39,748.

Auditors' Report

To the Directors,
BARTACO INDUSTRIES LIMITED.

We have examined the accompanying pro forma consolidated balance sheet of Bartaco Industries Limited and its subsidiaries as at June 30, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying pro forma consolidated balance sheet with the notes thereto presents fairly the consolidated financial position of the company and its subsidiaries as at June 30, 1961, after giving effect to the events and transactions set forth in the heading thereof.

October 12, 1961,
Hamilton, Ontario.

MCDONALD, CURRIE & CO.,
Chartered Accountants

BARTACO INDUSTRIES LIMITED

Statement of Assets and Liabilities as at June 30, 1961 of Subsidiaries and Business Acquired (Note)

Assets							
	Otaco Limited	The Otaco Limited	Barlin-Scott Manufacturing Company Limited	Wentworth Heating Supplies Limited	Norfolk Equipment Manufacturing Limited	Lynco Heating Limited	Autotrac Limited
CURRENT ASSETS							
Cash.....		\$126,757	\$ 831	\$ 20	\$ 51	\$ 50	\$ 1,716
Investments at market value..	\$ 791,247						
Accounts receivable, less provi- sion for doubtful accounts..	510	458,414	333,076	34,471	32,451	71,565	25
Inventories of raw materials, work in progress and finished goods valued at lower of cost or market.....	424,849	2,484	272,708	14,677	131,095	30,363	54,481
Prepaid expenses.....	20,387	1	18,191	684	2,648	6,542	
Overpayment of taxes.....			33,245		4,656	502	
INTER-COMPANY ACCOUNTS.....	182,528		104,830	60,803	234		88,122
CASH SURRENDER VALUE OF LIFE INSURANCE.....			10,800				
FIXED ASSETS							
Land, buildings, machinery and equipment—at cost, except for an appraisal increase of \$30,000 in the case of Norfolk Equipment Manufacturing Limited.....	1,351,422	1,110	354,473	8,494	195,985	35,209	65,880
Accumulated depreciation....	(1,134,246)	(789)	(150,831)	(6,445)	(72,118)	(15,297)	
PATENTS.....			845			286	1,325
	<u>1,636,697</u>	<u>587,977</u>	<u>978,168</u>	<u>112,704</u>	<u>295,002</u>	<u>129,220</u>	<u>211,549</u>
CURRENT LIABILITIES							
Bank loans.....	15,409		331,529	29,983	62,390	64,627	
Accounts payable and accrued liabilities.....	106,486	12,817	295,882	3,432	43,489	26,440	
Mortgage payments—current.			32,000			1,000	
Taxes on income.....	81,812	30,083		150			
Due to:							
Orillia Securities Limited...	68,081						
Standard Litho Press Limited (including dividend of \$55,302 referred to in headnote (c) to the pro forma consolidated balance sheet).....	383,203						
MORTGAGES.....			105,000			3,000	
INTER-COMPANY.....	<u>88,122</u>	<u>182,528</u>	<u>6,882</u>	<u>33,565</u>	<u>113,667</u>	<u>45,318</u>	<u>—</u>
	<u>743,113</u>	<u>225,428</u>	<u>771,293</u>	<u>33,565</u>	<u>219,546</u>	<u>140,385</u>	<u>—</u>
NET ASSETS.....	<u>\$ 893,584</u>	<u>\$362,549</u>	<u>\$206,875</u>	<u>\$ 79,139</u>	<u>\$ 75,456</u>	<u>(\$ 11,165)</u>	<u>\$211,549</u>

NOTE: On October 11, 1961 Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited, Lynco Heating Limited, Otaco Limited and The Otaco Limited became wholly-owned subsidiaries of Bartaco Industries Limited and the operating assets of Autotrac Limited were acquired by Otaco Limited. An inter-company profit in inventories has been eliminated.

Auditors' Report

To the Directors, BARTACO INDUSTRIES LIMITED.

We have examined the accompanying statement of assets and liabilities as at June 30, 1961 of Otaco Limited, The Otaco Limited, Barlin-Scott Manufacturing Company Limited, Wentworth Heating Supplies Limited, Norfolk Equipment Manufacturing Limited, Lynco Heating Limited and Autotrac Limited.

In our opinion, the accompanying statement presents fairly the assets and liabilities as at June 30, 1961 of those companies acquired under the transactions referred to in the heading to the foregoing pro forma consolidated balance sheet and in accordance with generally accepted accounting principles.

October 12, 1961,
Hamilton, Ontario.

McDONALD, CURRIE & Co.,
Chartered Accountants

Statutory Information

(a) The full name of the Company is Bartaco Industries Limited (herein called the “Company”) and the address of its head office is 455 Twin-Air Road, Stoney Creek, Ontario.

(b) The Company was incorporated as a private company under the laws of the Province of Ontario by letters patent dated the 31st day of August, 1961. By supplementary letters patent dated the 12th day of October, 1961 the Company was converted into a public company and the provisions of the said letters patent were varied.

(c) The general nature of the business actually transacted or to be transacted by the Company, directly or through subsidiaries, is the manufacture and distribution of agricultural products including farm wagons, water pressure systems and other products for agricultural use, other metal and wood products and heating equipment.

(d) The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:

Directors

ROBERT MATHEW BARR.....	<i>Manufacturer</i>	7 Galbraith Drive, Stoney Creek, Ontario
WILLIAM HUGH BARR.....	<i>Manufacturer</i>	44 Clarendon Drive, Hamilton, Ontario
JOHN SMITH GAIRDNER.....	<i>Investment Dealer</i>	1502 Lakeshore Highway East, Oakville, Ontario
JOHN HOWARD HAWKE.....	<i>Investment Dealer</i>	303 Rose Park Drive, Toronto, Ontario
ROSS WILLIAM PHELPS.....	<i>Manufacturer</i>	159 Peter Street North, Orillia, Ontario
SAM FOSTER ROSS, Q.C.....	<i>Solicitor</i>	50 South Street West, Dundas, Ontario
HUGH VICTOR SHAW.....	<i>Investment Dealer</i>	856 Sunningdale Bend, Clarkson, Ontario

Officers

ROBERT MATHEW BARR.....	<i>President</i>	7 Galbraith Drive, Stoney Creek, Ontario
JOHN SMITH GAIRDNER.....	<i>Vice-President</i>	1502 Lakeshore Highway East, Oakville, Ontario
SAM FOSTER ROSS, Q.C.....	<i>Secretary-Treasurer</i>	50 South Street West, Dundas, Ontario

(e) The auditors of the Company are Messrs. McDonald, Currie & Co., Chartered Accountants, 15 King Street West, Hamilton, Ontario.

(f) The transfer agent and registrar for the 6½% Cumulative Redeemable Preference Shares, Series A and the Common Shares of the Company is National Trust Company, Limited at its principal offices in the Cities of Montreal, Toronto, Winnipeg and Vancouver.

Montreal Trust Company will be the Trustee for the 6½% Sinking Fund Debentures Series A (herein sometimes called the “Series A Debentures”) hereinafter mentioned and registers upon which Series A Debentures may be registered as to principal and upon which fully registered Series A Debentures shall be registered as to principal and interest and upon which transfers of Series A Debentures so registered are to be made will be kept by the said Trustee at its principal offices in the Cities of Montreal, Toronto, Winnipeg and Vancouver.

(g) The authorized share capital of the Company consists of 100,000 Preference Shares with a par value of \$20 each and 1,000,000 Common Shares without par value. The said Preference Shares are issuable in series, of which 8,500 shares have been authorized to be issued as and have been issued as 6½% Cumulative Redeemable Preference Shares, Series A. Of the said 1,000,000 Common Shares 260,000 shares have been issued and are outstanding as fully paid and non-assessable.

(h) The Preference Shares with a par value of \$20 each (hereinafter called "Preference Shares") have attached thereto, as a class, preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

(a) The Preference Shares may at any time or from time to time be issued in one (1) or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors; the directors of the Company may (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Preference Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Preference Shares of such series;

(b) The Preference Shares of each series shall be entitled to preference over the Common Shares of the Company, and any other shares ranking junior to the Preference Shares, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares of the Company and any other shares ranking junior to the Preference Shares as may be determined as to the respective series authorized to be issued;

(c) The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs; no series of Preference Shares shall be authorized which shall have a dividend rate in excess of eight per cent (8%) per annum on the amounts from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding up or upon redemption a sum in excess of one hundred and fifteen per cent (115%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;

(d) The holders of the Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until six (6) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Preference Shares of any series remain in arrears the holders of the Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect two (2) members of the board of directors of the Company if the board consists of seven (7) or fewer directors or three (3) members of the board of directors if the board consists of more than seven (7) directors; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares; in default of the calling of such general meeting by the secretary within five (5) days after the making of such request, such meeting may be called by any holder of record of Preference Shares;

Any vacancy or vacancies occurring among members of the board elected by the holders of Preference Shares, voting separately and exclusively as a class, in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director or directors elected by the

holders of Preference Shares, voting separately and exclusively as a class, but if there be no such remaining director or directors the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the said right to elect directors, the term of office of the directors elected or appointed to represent the holders of Preference Shares exclusively shall forthwith terminate and (ii) the holding of one (1) Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares exclusively;

(e) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Preference Shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the chairman and not less than fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such meeting shall constitute the authorization of the holders of the Preference Shares referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Preference Shares shall be entitled to one (1) vote in respect of each Preference Share held.

The first series of the said class of Preference Shares consists of 8,500 shares with a par value of \$20 each (hereinafter referred to as the "Series A Preference Shares") designated "6½% Cumulative Redeemable Preference Shares, Series A" and, in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class, having attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

(1) The holders of the Series A Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of six and one-half per cent (6½%) per annum payable quarterly on the fifteenth days of March, June, September and December in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Series A Preference Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same;

(2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Series A Preference Shares shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which such dividends have been paid up to the date of distribution) before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Series A Preference Shares; after payment to the holders of the Series A Preference Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;

(3) No dividends shall at any time be declared or paid upon or set apart for payment on any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for

payment on such shares of the Company ranking junior to the Preference Shares nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off any of the Preference Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;

(4) Subject to the provisions of clause (3) hereof, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Preference Shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Series A Preference Shares outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (5) hereof (including accrued and unpaid preferential dividends as provided in the said clause (5)) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of Series A Preference Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Series A Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A Preference Shares so tendered by each of the holders of Series A Preference Shares who submitted tenders at the said same lowest price;

(5) Subject to the provisions of clause (3) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Series A Preference Shares on payment for each share to be redeemed of the amount paid up on such share together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends on the Series A Preference Shares were accruing for the period from the expiration of the last quarterly period for which such dividends have been paid up to the date of such redemption);

(6) In any case of redemption of Series A Preference Shares under the provisions of clause (5) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Series A Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such Series A Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Series A Preference Shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Series A Preference Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Series A Preference Shares so called for redemption; such payment shall be made by cheque payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted); if a part only of the Series A Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Series A Preference Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Series A Preference Shares as aforesaid to deposit the redemption price of the Series A Preference Shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Series A Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

(7) So long as any of the Series A Preference Shares are outstanding the Company shall on or before the fifteenth day of October in each year, commencing with the year 1962, set aside as a purchase fund for the purchase of Series A Preference Shares for cancellation the sum of Eight Thousand Five Hundred dollars (\$8,500);

Subject to the provisions of clause (3) hereof and as hereinafter in this clause provided, the amounts from time to time set aside as a purchase fund in respect of the Series A Preference Shares shall be applied as

soon as practicable to the purchase of Series A Preference Shares (if obtainable) in the market at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding an amount equal to the amount paid up thereon plus costs of purchase; to the extent to which Series A Preference Shares cannot be purchased at prices not exceeding the said price the Company shall not be obligated to make any application of the purchase fund in the purchase of Series A Preference Shares but shall reserve the same until such shares in the opinion of the directors can be so purchased and so on from time to time so long as any of the Series A Preference Shares shall be outstanding; any moneys set aside in the purchase fund in accordance with the foregoing provisions need not be kept separate from other moneys of the Company and pending the application thereof in the purchase of Series A Preference Shares in accordance with the provisions of this clause (7) may be employed in the business of the Company; notwithstanding the foregoing the Company may at any time reduce or extinguish the purchase fund or anticipate the whole or any part of its purchase fund obligations by purchasing or redeeming Series A Preference Shares as provided in clauses (4) and (5) hereof and charging or crediting the cost of, or amount required to redeem, such Series A Preference Shares to reduce or extinguish the purchase fund or in reduction of any purchase fund obligations thereafter becoming due;

Notwithstanding anything herein contained the Company shall not purchase Series A Preference Shares out of the purchase fund or make any application of the purchase fund in the purchase of Series A Preference Shares if after giving effect to such purchase the aggregate amount declared and/or paid subsequent to the thirty-first day of August, A.D. 1961, as dividends (other than in shares of the Company) on all shares of all classes of the Company and distributed and/or paid (on redemption, reduction, purchase or other payment off) subsequent to the thirty-first day of August, A.D. 1961, in respect of all shares of all classes of the Company will be greater than the aggregate of the consolidated net earnings available for dividends of the Company and its subsidiaries subsequent to the thirty-first day of August, A.D. 1961, plus the net cash proceeds to the Company of the issue after the first day of November, A.D. 1961, of any of its shares;

“Consolidated net earnings available for dividends” of the Company and its subsidiaries means all the gross earnings and income of the Company and all its subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and all its subsidiaries (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice; without limiting the generality of the foregoing operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (including taxes on income), all interest, such allowances for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine and, in addition to actual expenditures for maintenance, reasonable allowance for depreciation based on the cost of the assets concerned; provided that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary, that the earnings or losses of any subsidiary shall only be included from the date when such subsidiary became a subsidiary of the Company and that the Company's auditors shall determine the earnings or losses of any subsidiary for the period from the date when such subsidiary became a subsidiary of the Company to the end of the fiscal year of such subsidiary during which it became a subsidiary of the Company;

“Subsidiary” means (a) any corporation or company of which all the outstanding shares of each class of its shares are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary; and (b) any corporation or company of which more than fifty per cent (50%) of the outstanding voting shares are for the time being owned by or held for the Company and/or any subsidiary of the Company if but only if the directors of the Company by resolution (passed either before or after fifty per cent (50%) of the outstanding voting shares of such corporation or company become owned by or held for the Company and/or any subsidiary of the Company) determine that such corporation or company shall be deemed to be a subsidiary of the Company and only so long as more than fifty per cent (50%) of the outstanding voting shares of such corporation or company are owned by or held for the Company and/or any subsidiary of the Company; any such resolution shall not be revocable and shall be conclusive and binding upon all parties in interest; “voting shares” as used in this definition means shares of any class carrying voting rights but shall not include shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened; if by reason of any such resolution any corporation or company (hereinafter called a “deemed subsidiary”) is deemed to be a subsidiary of the Company then any corporation or company of which more than fifty per cent (50%) of the outstanding voting shares are or shall at any time be owned by or held for a deemed subsidiary and/or any other corporation or company in like relation to a deemed subsidiary shall be deemed to be a subsidiary of the Company and any other corporation or company in like relation to such a corporation or company shall also be deemed to be a subsidiary of the Company;

For the purposes of this clause (7) and subject to the foregoing provisions hereof the directors of the Company may from time to time determine the consolidated net earnings available for dividends of the Company and its subsidiaries as of a date not more than ninety (90) days prior to the making of such determination

and may determine such consolidated net earnings available for dividends to be not less than a stated amount without determining the exact amount thereof; in making any such determination the directors shall consider and may rely on the last available audited consolidated balance sheet of the Company and its subsidiaries and/or the last available audited balance sheet of the Company reported on by the Company's auditors and may consider and rely on the last available unaudited consolidated balance sheet of the Company and its subsidiaries and/or the last available unaudited balance sheet of the Company prepared by the accounting officers of the Company and upon any other financial statement, report or other data which they may consider reliable; provided that the directors shall not make any such determination on the basis of any such balance sheet, statement, report or other data if to their knowledge any event has happened which would materially and adversely affect such consolidated net earnings available for dividends as determined on such basis; upon any determination having been made by the directors under the provisions hereof the consolidated net earnings available for dividends of the Company and its subsidiaries as at any date within a period of ninety (90) days following the date as of which such determination is made (unless any further determination of such consolidated net earnings available for dividends is so made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Company and the holders of shares of every class;

(8) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preference Shares without the approval of the holders of the Series A Preference Shares given as hereinafter specified nor shall the authorized amount of Preference Shares be increased without such approval; provided that nothing in this clause (8) contained shall prevent the Company from issuing additional series of the authorized Preference Shares without such approval;

(9) The foregoing provisions, the provisions of this clause and the provisions of clause (10) may be deleted, varied, modified, amended or amplified by Supplementary Letters Patent but only with the approval of the holders of the Series A Preference Shares given as hereinafter specified, in addition to any vote or authorization required by The Corporations Act; and

(10) The approval of holders of the Series A Preference Shares as to any and all matters referred to herein (in addition to or as distinct from any vote or authorization required by The Corporations Act) may be given by resolution passed at a meeting of the holders of the Series A Preference Shares duly called and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Series A Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Series A Preference Shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding Series A Preference Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Series A Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Series A Preference Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Series A Preference Shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Series A Preference Shares shall be entitled to one (1) vote in respect of each Series A Preference Share held;

Any authorization required by subsection 4 of section 33 of The Corporations Act may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Series A Preference Shares duly called for that purpose.

The holders of the Common Shares are entitled to one vote for each such share held.

(i) The \$850,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A (herein sometimes called the "Series A Debentures") offered by this prospectus are to be issued under a trust indenture (herein sometimes referred to as the "Trust Indenture") to be dated as of October 15, 1961 and to be entered into between the Company and Montreal Trust Company, as Trustee. The Series A Debentures are to be direct obligations of the Company but are not to be secured by any mortgage, pledge or other charge. Certain particulars pertaining to the Series A Debentures and to certain provisions of the Trust Indenture are set forth on the front page of this prospectus and under the headings "Certain Provisions of the Trust Indenture" and "Sinking Fund" on pages 4, 5 and 6 of this prospectus, to all of which reference is hereby expressly made. The Trust Indenture is to provide that Series A Debentures redeemed or purchased are to be cancelled and not reissued.

The Trust Indenture is to contain definitions of the following terms substantially to the following effect:

"Funded obligations" means any indebtedness (other than subordinate indebtedness) the principal amount of which by its terms is not payable on demand and matures more than twelve months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company or any subsidiary of any such indebtedness of any person, firm or corporation other than the Company or a subsidiary.

"Consolidated funded obligations" of the Company and its subsidiaries means the aggregate amount of all funded obligations of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice.

"Subordinate indebtedness" means unsecured indebtedness which is, and the instrument creating or evidencing which provides that such indebtedness is, subordinate and junior in right of payment to the Debentures, which subordination may, nevertheless, permit the payment of principal, sinking fund payments (if any), premium (if any) and interest in respect of such indebtedness while no default exists under the Trust Indenture or any indenture supplemental thereto.

"Consolidated net tangible assets" of the Company and its subsidiaries means the excess of the total of the tangible assets over the total of the liabilities of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice; provided always that in calculating consolidated net tangible assets due allowance shall be made for the minority interest, if any, in any subsidiary.

"Tangible assets" means lands, buildings, plant, equipment and all other physical assets and all current assets and all investments (including notes, mortgages, advances and other amounts receivable, all of which shall be deemed to be included in the term "investments" as used herein) and all other assets appearing on a balance sheet of the Company, or if it has any subsidiaries, on a consolidated balance sheet of the Company and all its subsidiaries, prepared in accordance with generally accepted accounting practice, excluding the amount, if any, at which goodwill, trade marks, trade mark rights, trade names, trade name rights, copyrights, patents, patent rights and patent licences and other similar intangible assets and unamortized debt discount and expense appear on the asset side of such balance sheet or consolidated balance sheet and excluding all moneys required to retire any funded obligations which are deemed not to be outstanding under the provisions of the proviso to Clause D on page 4 of this prospectus. The values of such assets shall be determined in the case of all such assets (other than current assets and investments) owned on October 15, 1961 by the Company and/or any company which is a subsidiary on October 15, 1961 by the values thereof shown in the audited pro forma consolidated balance sheet of the Company and its subsidiaries as at June 30, 1961 (being after accumulated depreciation shown on such balance sheet) less subsequent depreciation, depletion and amortization and in the case of any such assets (except assets excluded as aforesaid) acquired after October 15, 1961 by the Company and/or any such subsidiary at the cost thereof less depreciation, depletion and amortization. In the case of any company which becomes a subsidiary after October 15, 1961 the value of its tangible assets (other than current assets and investments) shall in the case of the first determination of the value thereof be determined by an appraiser appointed by the directors and approved by the Trustee and thereafter the value of its tangible assets (other than current assets and investments) shall be the value thereof determined by such appraiser less subsequent depreciation, depletion and amortization and in the case of any tangible assets (except assets excluded as aforesaid) acquired by such subsidiary after such appraisal the cost thereof less depreciation, depletion and amortization. Investments (other than such investments as are included in current assets as hereinafter provided) shall be valued at not more than the cost thereof to the Company or the subsidiary concerned, such cost to be determined in accordance with generally accepted accounting practice.

For the purpose of the foregoing definition of consolidated net tangible assets "liabilities" means all liabilities of the Company and all its subsidiaries other than liability for capital stock, surplus or reserves (to the extent not required to be treated as liabilities in accordance with generally accepted accounting practice) and other than liabilities in respect of the principal, premium, if any, and sinking fund instalments, if any, in respect of any funded obligations or any subordinate indebtedness and other than any deferred credit in respect of or any reserve for deferred taxes on income arising from the excess (less deficiencies) of any provisions for taxes on income for any fiscal period or periods over the amount of such taxes payable for any such fiscal period or periods because the provision for depreciation of buildings, plant and equipment recorded in the books of the Company and/or its subsidiaries in respect of such fiscal period or periods is or was less (or greater) than the capital cost allowance (or depreciation or similar allowance) in respect of such buildings, plant and equipment claimed or to be claimed as a deduction in determining taxes on income for such fiscal period or periods. Contingent liabilities shall likewise be excluded except to such extent, if any, as the directors in their discretion shall determine that special provision should be made in the accounts for meeting such contingent liabilities.

"Current assets" means accounts receivable, bills and notes receivable and similar items receivable in the ordinary course of business (less such allowances for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine), cash on hand and in bank, bonds and

obligations of or guaranteed by the Government of Canada or any Province of Canada and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations of incorporated companies other than funded obligations or subordinate indebtedness issued by the Company or any subsidiary) which are readily saleable and which in accordance with generally accepted accounting practice may properly be grouped as current assets taken at their quoted market value, prepaid interest, insurance, municipal taxes and similar prepaid expenses of a current nature, stock in trade including all manufactured products of the Company and its subsidiaries and materials and supplies necessary for the operation of the plants and/or the manufacturing of the products of the Company and its subsidiaries, such stock in trade, materials and supplies to be valued at the lower of cost or market value, cash surrender value of life insurance policies payable to the Company or its subsidiaries and such other assets as are usually regarded as current by companies conducting a business similar to that of the Company and/or its subsidiaries.

"Consolidated net earnings" of the Company and its subsidiaries means all the gross earnings and income of the Company and all its subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and all its subsidiaries other than taxes on income and interest on funded obligations and on subordinate indebtedness (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice. Without limiting the generality of the foregoing operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (other than taxes on income), interest (other than interest on funded obligations and on subordinate indebtedness), such allowances for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine and, in addition to actual expenditures for maintenance, reasonable allowance for depreciation based on the cost of the assets concerned. Provided that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary.

"Consolidated net earnings available for dividends" of the Company and its subsidiaries means the consolidated net earnings of the Company and all its subsidiaries calculated as above provided except that in calculating consolidated net earnings available for dividends taxes on income payable for the period or periods in question and interest on funded obligations and on subordinate indebtedness shall be deducted as operating charges and expenses and that the earnings or losses of any subsidiary shall only be included from the date when such subsidiary became a subsidiary of the Company (provided that the Company's auditors shall determine the earnings or losses of any subsidiary for the period from the date when such subsidiary became a subsidiary of the Company to the end of the fiscal year of such subsidiary during which it became a subsidiary of the Company).

"Subsidiary" means (a) any corporation or company of which all the outstanding shares of each class of its shares are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary; and (b) any corporation or company of which more than 50% of the outstanding voting shares are for the time being owned by or held for the Company and/or any subsidiary of the Company if but only if the directors of the Company by resolution (passed either before or after 50% of the outstanding voting shares of such corporation or company become owned by or held for the Company and/or any subsidiary of the Company) determine that such corporation or company shall be deemed to be a subsidiary of the Company and only so long as more than 50% of the outstanding voting shares of such corporation or company are owned by or held for the Company and/or any subsidiary of the Company. Any such resolution shall not be revocable and shall be conclusive and binding upon all parties in interest. "Voting shares" as used in this definition means shares of any class carrying voting rights but shall not include shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened. If by reason of any such resolution any corporation or company (hereinafter called a "deemed subsidiary") is deemed to be a subsidiary of the Company then any corporation or company of which more than 50% of the outstanding voting shares are or shall at any time be owned by or held for a deemed subsidiary and/or any other corporation or company in like relation to a deemed subsidiary shall be deemed to be a subsidiary of the Company and any other corporation or company in like relation to such a corporation or company shall also be deemed to be a subsidiary of the Company.

"Fixed assets" means such assets as are treated as fixed assets in accordance with generally accepted accounting practice.

Save as aforesaid there are no bonds, debentures or other securities outstanding or proposed to be issued by the Company which, if issued, would rank ahead of or *pari passu* with the securities offered by this prospectus. Reference is hereby made to paragraph (h) hereof.

(j) No substantial indebtedness not shown in the pro forma consolidated balance sheet of the Company and its subsidiaries as at June 30, 1961 forming part of this prospectus is now intended to be created or assumed by the Company. Reference is made to paragraphs (n) and (u) hereof.

(k) There are no securities covered by options outstanding or proposed to be given by the Company. Consideration will be given to the granting of options to purchase Common Shares to certain employees of the Company or its subsidiaries.

(l) The number of securities offered by this prospectus, their correct descriptive titles and the issue price to the public and the terms thereof are as shown on the face of this prospectus to which reference is hereby made.

(m) The estimated aggregate net proceeds to be derived by the Company from the sale to Gairdner & Company Limited of \$850,000 aggregate principal amount of Series A Debentures and 85,000 Common Shares on the basis of such Series A Debentures and Common Shares being fully taken up and paid for are \$799,000 less legal and auditing and other expenses in connection with the issuance thereof, all of which expenses are estimated at \$20,000.

(n) The net proceeds to the Company from the issue of the securities offered by this prospectus will be used to retire bank indebtedness of Otaco Limited hereinafter referred to in the amount of \$525,000, to pay part of the preliminary expenses referred to in paragraph (t) hereof and to provide working capital for subsidiaries of the Company.

(o) In the opinion of the directors no minimum amount must be raised by the issue of the Common Shares offered by this prospectus as a bonus with the Series A Debentures to provide the funds for the purposes set forth in paragraph (n) hereof, any preliminary expenses payable by the Company, any commission payable by the Company in respect of subscriptions for shares of the Company or the repayment of bank loans. Reference is made to paragraph (p) hereof as to the consideration to be received by the Company for the issue of the said Common Shares and for the issue of the Series A Debentures. Reference is also made to paragraph (n) hereof as to the application of the net proceeds to the Company from the issue of the Series A Debentures and of the Common Shares offered by this prospectus as a bonus as aforesaid.

(p) By an agreement dated the 20th day of September, 1961 made between the Company and Gairdner & Company Limited (herein sometimes referred to as the "Underwriter") the Company agreed to sell to the Underwriter and the Underwriter agreed to purchase on its own behalf, subject to the terms and conditions therein contained, the \$850,000 aggregate principal amount of Series A Debentures offered by this prospectus and 85,000 Common Shares without par value of the Company for an aggregate consideration of \$799,000 together with accrued interest (if any) on the principal amount of the Series A Debentures from November 1, 1961 to the date of the issue of the Series A Debentures by the Company. It is expected that the Series A Debentures and the said 85,000 Common Shares will be issued by the Company and purchased by the Underwriter on or about November 1, 1961.

(q) The by-laws of the Company contain the following provisions as to the remuneration of directors:

The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director by the Company and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company.

(r) The Company has not yet completed a financial year. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to directors, as such, is \$875 (being at the rate of \$3,500 per annum) and the aggregate remuneration estimated to be paid or payable during the current financial year by the Company and its subsidiaries to an officer of the Company, as such, who individually is entitled to receive remuneration in excess of \$10,000 per annum is \$10,000 (being at the rate of \$40,000 per annum).

(s) No amount has been paid within the two preceding years or is now payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company. Reference is made to paragraph (p) hereof.

(t) The estimated amount of the preliminary expenses of the Company is \$96,000 inclusive of the expenses referred to in paragraph (m) hereof.

(u) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds of the securities hereby offered or has been paid within the last two years preceding the date hereof or is to be paid in whole or in part in securities of the Company or the purchase or acquisition of which has not been completed at the date hereof.

On October 11, 1961 the Company, pursuant to the agreement dated the 30th day of June, 1961 and the assignment referred to in paragraph (y) (1) hereof, acquired from Standard Litho Press Limited, West Street South, Orillia, Ontario, all the outstanding shares of Otaco Limited for a consideration of \$512,196.37 (including the deposit referred to in paragraph (y)(1) hereof), paid in cash. Immediately prior to the said acquisition, contemporaneously therewith or immediately following the said acquisition:

(a) Otaco Limited sold to Ross W. Phelps (who is now a director of the Company) certain securities held by Otaco Limited for their book value as at June 30, 1961 namely, \$791,246.71, which amount was paid in cash with accrued interest;

(b) Otaco Limited paid to Standard Litho Press Limited (all the outstanding shares of which are owned or controlled by Ross W. Phelps) a dividend of \$55,301.75;

(c) Otaco Limited sold to Autotrac Limited (all the outstanding shares of which are owned by Standard Litho Press Limited) for \$3,748.26 a house occupied by Ross W. Phelps;

(d) Otaco Limited acquired all the outstanding shares of Barlin-Scott Manufacturing Company Limited, Norfolk Equipment Manufacturing Limited, Lynco Heating Limited and Wentworth Heating Supplies Limited from Robert M. Barr, who is now the President of the Company, for an aggregate consideration of \$450,000 paid in cash;

(e) Otaco Limited paid to Orillia Securities Limited (all the outstanding shares of which are owned or controlled by Ross W. Phelps) the sum of \$68,081.16 owing to it; and

(f) Otaco Limited acquired all the current assets of Autotrac Limited, all the fixed assets of Autotrac Limited (other than farm lands, farm buildings, farm improvements, farm equipment, farm trucks and farm tractors owned by Autotrac Limited) and all patent and trade mark rights of Autotrac Limited (in each case as at June 30, 1961) at an aggregate price of \$211,548.79, which price was paid subsequently as hereinafter indicated.

Immediately after such acquisition of all the outstanding shares of Otaco Limited, Otaco Limited acquired from G. W. Phelps, Maple Drive, Orillia, Ontario and W. J. Brown, 234 Colborne Street West, Orillia, Ontario, all the outstanding shares of The Otaco Limited for a consideration of \$360,000 paid in cash and Otaco Limited paid the said amount of \$211,548.79 referred to in (f) above and repaid \$327,901.37 owing by it to Standard Litho Press Limited (with accrued interest from June 30, 1961).

In order to enable Otaco Limited to pay the said price of \$211,548.79 and to repay the said indebtedness of \$327,901.37 Otaco Limited borrowed \$525,000.

The Company acquired good title to all the outstanding shares of Otaco Limited.

(v) No securities of the Company have within the two years preceding the date of this prospectus been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

(w) Exclusive of services rendered or to be rendered in the ordinary course of business and legal, auditing and other services in connection with the issue of the securities offered by this prospectus and in connection with the incorporation of the Company and the acquisition by it of all the outstanding shares of Otaco Limited, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the securities hereby offered. No services have been rendered or are to be rendered to the Company which have been within the two preceding years or are to be paid for by securities of the Company.

(x) No amount has been paid within the two years preceding the date of this prospectus or is intended to be paid to any promoter of the Company as such.

(y) The Company has not entered into any material contracts within the two years preceding the date hereof other than in the ordinary course of business carried on or intended to be carried on by the Company except the following:

- (1) An assignment dated October 11, 1961 from Glengair Investments Limited, 320 Bay Street, Toronto, Ontario to the Company of an agreement (hereinafter referred to as the "original agreement") dated the 30th day of June, 1961 between Standard Litho Press Limited, G. W. Phelps,

W. J. Brown, Ross W. Phelps and Glengair Investments Limited. Pursuant to the said assignment and the original agreement the Company acquired all the outstanding shares of Otaco Limited as hereinbefore referred to and the other transactions above referred to were effected. Glengair Investments Limited was paid by the Company as consideration for the said assignment the sum of \$200,000 (being the amount which Glengair Investments Limited had paid as a deposit under the original agreement) together with interest on such amount. Pursuant to the said assignment the Company paid to Canadian Corporation Brokers Limited, 154 King Street, St. Catharines, Ontario, the sum of \$55,850 as a commission in respect of the transactions above referred to.

(2) The agreement referred to in paragraph (p) hereof.

(3) An agreement dated as of October 1, 1961 between the Company and Mr. Robert M. Barr providing for the employment of the latter by the Company for a period of five years.

Copies of the said documents and of the Trust Indenture referred to in paragraph (i) hereof, when entered into, may be inspected at the head office of the Company during ordinary business hours during the course of primary distribution to the public of the securities offered hereby.

(z) Except as hereinbefore referred to in paragraphs (u) and (y) hereof the Company has not acquired and does not propose to acquire any property in which any director has an interest. No sum has been paid or agreed to be paid to any director or to any firm of which any director is a partner in cash or securities or otherwise by any person either to induce him to become or to qualify him as a director or otherwise for services rendered by him or by any such firm in connection with the promotion or formation of the Company.

(za) The Company has been carrying on business since October 11, 1961 when it acquired all the outstanding shares in the capital stock of Otaco Limited. The businesses of all the subsidiaries of the Company have been carried on for more than three years.

(zb) By reason of beneficial ownership of Common Shares of the Company and an agreement in writing between them Mr. Robert M. Barr and Glengair Investments Limited are in a position to, or are entitled to, elect or cause to be elected a majority of the directors of the Company. The address of Glengair Investments Limited (a controlling interest in which is held by Mr. J. S. Gairdner, a director of the Company, and shares of which are also held by Mr. J. H. Hawke and Mr. H. V. Shaw who are directors of the Company) is 10th Floor, 320 Bay Street, Toronto, Ontario. Under the terms of such agreement the issuance of further Common Shares is or may be restricted.

(zc) No securities of the Company are held in escrow.

(zd) No dividends have been paid by the Company.

(ze) Since June 30, 1961 Norfolk Equipment Manufacturing Limited above referred to has sold to Barchild Investments Limited certain lands and premises in Hamilton, Ontario owned by Norfolk Equipment Manufacturing Limited for a price of \$36,000 of which \$15,900 was satisfied by the delivery to the vendor of a promissory note of Barchild Investments Limited payable to the vendor in the said amount of \$15,900. Such promissory note matures in five years and does not bear interest. Barchild Investments Limited has granted to Otaco Limited an option exercisable on or before September 30, 1962 to purchase for the aggregate price of \$50,300 (a) \$50,000 aggregate principal amount of 7% Series A Floating Charge Debentures of Engineering Industries Co. Limited (hereinafter called "Engineering Industries") or \$50,000 aggregate par value of preference shares of Engineering Industries into which such Debentures may be converted, (b) all the rights of Barchild Investments Limited in and to an agreement made January 11, 1961 between the shareholders of Engineering Industries and Barchild Investments Limited and any amendments or additions thereto, and (c) all the common shares of Engineering Industries to which Barchild Investments Limited is or may be entitled. Engineering Industries carries on the distribution of heating equipment throughout Canada and it is anticipated that if such option is exercised the Company will own more than a majority of the common shares of Engineering Industries to be outstanding. The address of Barchild Investments Limited is Fourth Floor, 39 James Street South, Hamilton, Ontario. All its outstanding shares are held by trustees (of whom Mr. Sam F. Ross is one) for the benefit of the children of Mr. Robert M. Barr. Barchild Investments Limited is the owner of all the outstanding shares of the distributor in England referred to in the first paragraph on page 3 of this prospectus.

(zf) Barlin-Scott Manufacturing Company Limited above referred to has sold to Barchild Investments Limited certain life insurance which it heretofore carried on the life of Mr. Robert M. Barr, such sale having been made for cash of \$12,408.50 being the then cash surrender value of such life insurance. The Company has placed other insurance upon the life of Mr. Barr.

(zg) A claim has been made against Norfolk Equipment Manufacturing Limited for an alleged infringement of patents. In the opinion of counsel for the Company such claim should not be successful. In the opinion of

management such claim, if it were successful, would not in any event materially affect the Company, financially or otherwise.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated this 12th day of October, 1961.

Directors

(Signed) ROBERT BARR

(Signed) H. V. SHAW

(Signed) W. H. BARR

(Signed) S. F. ROSS

(Signed) J. S. GAIRDNER

(Signed) ROSS WILLIAM PHELPS

by his agent

(Signed) S. F. ROSS

(Signed) J. H. HAWKE

Underwriters

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of The Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

GAIRDNER & COMPANY LIMITED

By: (Signed) F. J. McDONALD

Director

The following includes the names of all individuals having more than a five per cent interest in Gairdner & Company Limited: J. A. Gairdner, J. S. Gairdner, H. V. Shaw, J. H. Hawke, G. C. Watt, F. J. McDonald, H. E. Neville, H. R. Malkin, J. A. Cunningham and J. H. Brown.

14. DIRECTORS

NAME	OCCUPATION	ADDRESS
Robert Mathew Barr	Manufacturer	7 Galbraith Drive, Stoney Creek, Ontario.
William Hugh Barr	Manufacturer	44 Clarendon Drive, Hamilton, Ontario.
John Smith Gairdner	Investment Dealer	1502 Lakeshore Highway East, Oakville, Ontario.
John Howard Hawke	Investment Dealer	303 Rose Park Drive, Toronto, Ontario.
Ross William Phelps	Manufacturer	159 Peter Street North, Orillia, Ontario.
Sam Foster Ross, Q.C.	Solicitor	50 South Street West, Dundas, Ontario.
Hugh Victor Shaw	Investment Dealer	856 Sunningdale Bend, Clarkson, Ontario.

15. OFFICERS

NAME	OCCUPATION	ADDRESS
Robert Mathew Barr	President	7 Galbraith Drive, Stoney Creek, Ontario.
John Smith Gairdner	Vice-President	1502 Lakeshore Highway East, Oakville, Ontario.
Sam Foster Ross, Q.C.	Secretary-Treasurer	50 South Street West, Dundas, Ontario.

16. CERTIFICATE

Pursuant to a resolution passed by the board of directors the applicant Company hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange, the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



BARTACO INDUSTRIES LIMITED

"ROBERT BARR", President
"S. F. ROSS", Secretary

CERTIFICATE OF UNDERWRITER

"To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct."



GAIRDNER & COMPANY LIMITED

"J. S. GAIRDNER"
"H. V. SHAW"

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Common stock
as of June 1, 1962

Number			Shares
133	Holders of	1— 100 share lots.....	11,456
45	" "	101— 200 " ".....	8,750
15	" "	201— 300 " ".....	4,400
1	" "	301— 400 " ".....	400
8	" "	401— 500 " ".....	4,000
13	" "	501—1000 " ".....	11,700
18	" "	1001—up " ".....	313,894
233	Stockholders	Total shares.....	355,000

WITNESSES

NAME	RESIDENCE	ADDRESS
Robert Andrew Blair	Member	1400 North 10th St.
William Hugh Blair	Member	1400 North 10th St.
John Smith Blair	Member	1400 North 10th St.
John Howard Blair	Member	1400 North 10th St.
John William Blair	Member	1400 North 10th St.
John Foster Blair, C.E.	Member	1400 North 10th St.
John Foster Blair	Member	1400 North 10th St.

WITNESSES

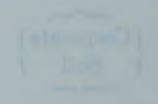
NAME	RESIDENCE	ADDRESS
Robert Andrew Blair	Member	1400 North 10th St.
John Smith Blair	Member	1400 North 10th St.
John Foster Blair, C.E.	Member	1400 North 10th St.

CERTIFICATE

I, the undersigned, do hereby certify that the statements and representations made by the witnesses named herein are true and correct.

WITNESSES

"ROBERT ANDERSON"
"JOHN SMITH"



CERTIFICATE OF THE BOARD

"To the best of my knowledge, information and belief, all the statements and representations made by the witnesses named herein are true and correct."

WITNESSES

"J. H. HARRIS"
"W. T. HARRIS"

